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Department of Transportation
400 Seventh Street, S.W.
Room PL-401
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These comments are in response to requests for confidentiality and exemption from reporting requirements to be filed pursuant to 49CFR Part 1420 Sections 1-5 and 11. Under the ICC Termination Act of 1995, reporting requirements for motor carrier financial and operating data transferred from the Interstate Commerce Commission to the Department of Transportation Bureau of Transportation Statistics.

Scholarly research on motor carrier issues has depended in part on Form M motor carrier operational and financial data for many years. Academics have used these data for various analyses, including such areas of public policy concern as industry competitiveness, industry transformation, labor markets, and safety. The data provide vital information that allows us to look at dependent variables of interest (such as firm productivity and profitability) while controlling for financial and operational characteristics included within the data set.

It is important for these analyses that these data contain the entire population of covered carriers. Whenever datasets such as these have missing values, bias is introduced into the analysis that may give us incorrect results. For example, when modeling LTL carrier performance, the absence of some key carrier or carriers would prevent us from controlling for the variance in our analytic model that might be attributable to characteristics of the carrier for which we might otherwise be able to control. The analytic error might cause us incorrectly to recommend adoption of some public or private policy that we would not recommend if we had full and accurate information. The absence of some carriers might also make it impossible for us to analyze carriers with special characteristics, because cell sizes would be too small.

Perhaps most important, if some carriers are allowed exemptions without very documentable cause, many or most carriers eventually will request such exemption, and pressure would be great to grant exemptions to most or all who request them to avoid charges of disparate treatment. Indeed, we know today that collection of the Form M data has declined so greatly that somewhere between several hundred and 8,000 carriers who are required to file do not file. Most of these carriers simply have grown beyond the size where filing is required but have not attracted the attention of the BTS. Indeed,

many of them may not realize that filing is required. Such unpredictability in the data makes the data unreliable for analytic purposes.

As indicated above, I have been involved in many research projects which have relied on these data. Most commonly, these research projects have investigated the relationship between various firm characteristics and firm profitability, productivity, and wages. Thus, these data help us understand how such a competitive industry performs. More recently, however, I have begun to study truck safety issues under contract to the USDOT Office of Motor Carriers and Highway Safety, and accurate Form M data has made an important contribution to those analyses. In particular, I am studying the relationship between driver pay level and driver pay method and truck safety, and Form M is used in that analysis. I also am analyzing the costs and the benefits of proposed truck driver hours-of-service regulations, and we have found it necessary to use Form M data in that analysis. Other important research in the same vein has been stymied by the current inadequacies in the Form M, as coverage of the relevant population is spotty and uncertain.

Approximately 20 motor carriers have requested exemption from these reporting requirements. While these 20 carriers may be a small number among those required to file, I am concerned that the absence of these firms will introduce bias into our policy analysis. I also am concerned that if these carriers are exempted, the flood gates will open and most carriers will request exemption. After all, if these 20 carriers' claims of competitive harm are upheld (especially with as little supporting data as are provided by the carriers), others will find it easy to reach the same threshold and will expect that their alleged secrets would likewise be obtainable by those competitors who do not file. As a matter of equity and law, as well as for purposes of policy research, a high standard should be met by carriers requesting exemptions, and this standard has not been met.

Very truly yours,

Michael H. Belzer